

Austin Tech Sector Update

MARKET TAKEAWAYS



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Despite growing concerns over the COVID-19 Delta variant, the Austin office market continues to regain momentum. Leasing activity continued at the same rate of the previous quarter at 1.5 million square feet (msf), well above the pandemic lows seen in 2020. Sublease supply has continued to decline since its peak in Q4 2020. Overall availability decreased by 100 basis points (bps) over the quarter. Asking rental rates continue to rise currently asking \$45.07 per square foot (psf) overall.



As the COVID-19 delta variant accelerated, key technology companies including Microsoft, Amazon, Facebook, and Apple, pushed initial return-to-office plans from post-Labor Day to next year.

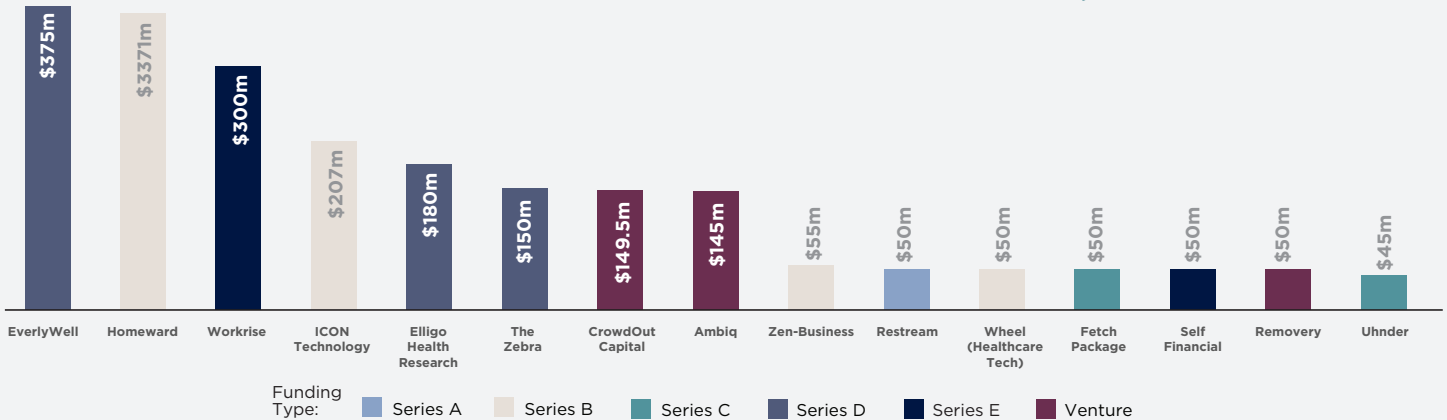


Notably, California-based Apple Inc. purchased its current Austin property, 320 South Capital of Texas Highway in the Southwest submarket. Additionally, it is rumored that Samsung will build a \$17 billion semiconductor factory in Taylor Texas, within the Northeast submarket of Austin.



Facebook has expanded its existing Austin footprint by adding a full floor - 29,317 square feet (sf) at 300 West 6th Street in the Central Business District (CBD). Also, TikTok committed to a short-term flexible lease, taking 65,000 sf at the WeWork at Chase Tower (221 West 6th Street) in the CBD.

VC INVESTMENTS IN TECH ORGANIZATIONS SINCE JULY 1, 2020



Source: Pitchbook

KEY TECH MARKET STATISTICS

	AUSTIN OVERALL		
	Q3 '20	Q2 '21	Q3 '21
Availability	18.3%	21.8%	20.8%
Sublease Space	1.4 MSF	2.2 MSF	1.7 MSF
Overall Asking Rent	\$39.84	\$44.22	\$45.07
Quarterly Leasing Activity	0.6 MSF	1.5 MSF	1.5 MSF

	CBD		
	Q3 '20	Q2 '21	Q3 '21
Availability	17.0%	23.1%	23.2%
Sublease Space	0.4 MSF	0.9 MSF	0.7 MSF
Overall Asking Rent	\$55.50	\$61.54	\$62.03
Quarterly Leasing Activity	79,499 SF	0.3 MSF	0.3 MSF

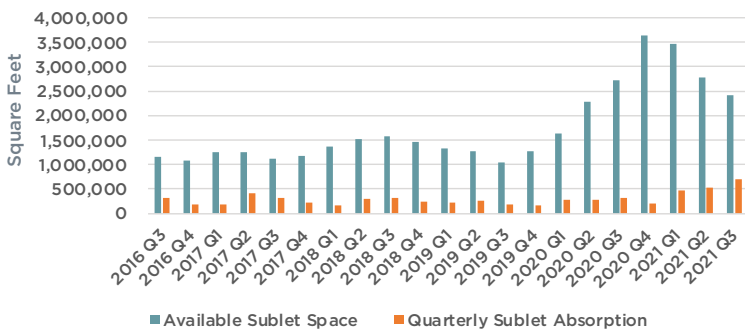
	SOUTHWEST		
	Q3 '20	Q2 '21	Q3 '21
Availability	12.7%	20.7%	19.4%
Sublease Space	0.3 MSF	0.3 MSF	0.3 MSF
Overall Asking Rent	\$37.84	\$42.29	\$43.29
Quarterly Leasing Activity	0.1 MSF	0.1 MSF	0.2 MSF

	NORTHWEST		
	Q3 '20	Q2 '21	Q3 '21
Availability	14.0%	21.3%	19.3%
Sublease Space	0.4 MSF	0.5 MSF	0.4 MSF
Overall Asking Rent	\$35.10	\$37.61	\$37.49
Quarterly Leasing Activity	80,211 MSF	0.4 MSF	0.2 MSF

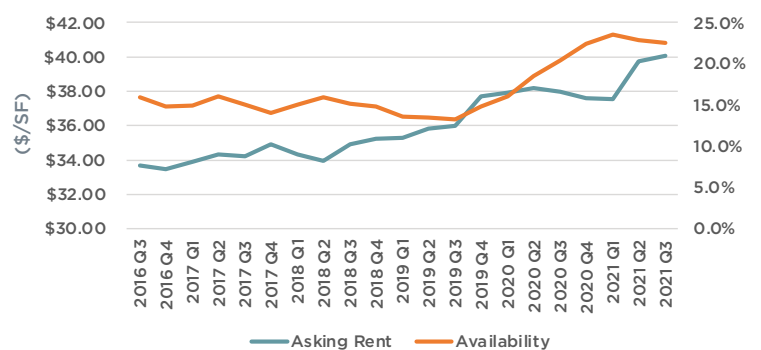
	EAST		
	Q3 '20	Q2 '21	Q3 '21
Availability	37.1%	46.2%	39.3%
Sublease Space	62,000 SF	66,000 SF	45,000 SF
Overall Asking Rent	\$42.39	\$52.86	\$52.57
Quarterly Leasing Activity	4,000 SF	52,000 SF	0.3 MSF

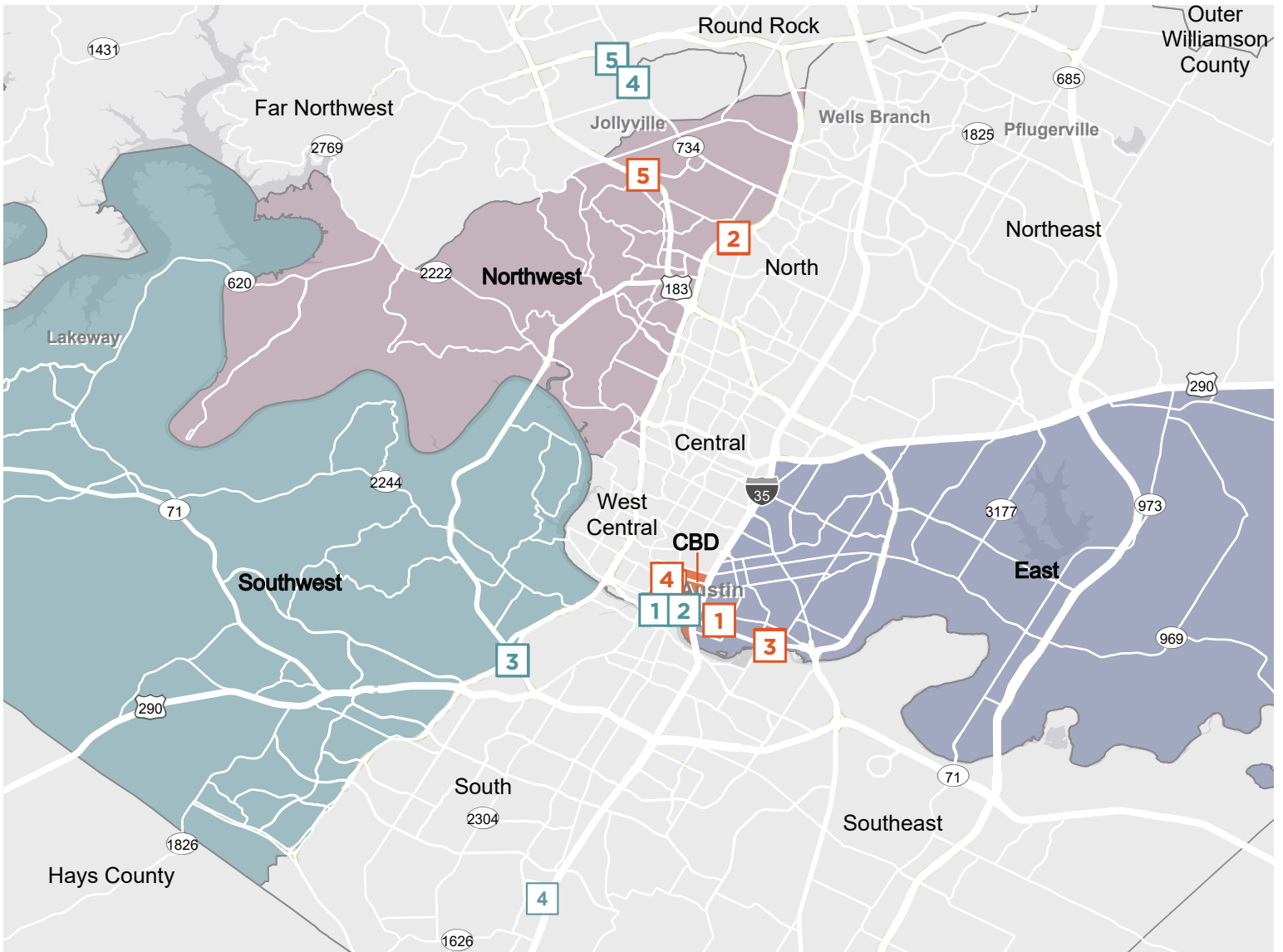
Source: Savills Research

Available Sublease Space & Sublease Absorption



Asking Rent & Availability Trend





Notable Transactions (Q2'21 - Q3'21)

- | | |
|--|---|
| <p>1 Cloudflare
1600 E 4th Street
124,393SF
New
East</p> <p>2 Amazon
11800 Domain Boulevard
114,665 SF
Sublet New
Northwest Domain</p> <p>3 Skyworks
3212 E Cesar Chavez Street
96,467 SF
New
East</p> | <p>4 Tiktok
221 W 6th Street
65,000 SF
Coworking New
CBD</p> <p>5 ZT Systems
12301 Research Boulevard
49,312 SF
Sublet Relocation
Northwest</p> |
|--|---|

Notable Sublease Blocks

- | | |
|--|--|
| <p>1 Parsley Energy
300 Colorado Street
309,765 SF
CBD</p> <p>2 RetailMeNot
301 Congress Avenue
100,055 SF
CBD</p> <p>3 Fresenius Medical Care
3711 S Mopac Expressway
83,887 SF
Southwest</p> | <p>4 XO Communications
2100 S Interstate 35 S
83,174 SF
South</p> <p>5 State Farm
8900 Amberglen Boulevard
78,796 SF
Far Northwest</p> |
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